

Ukrainian Economy

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**INVESTMENT RESOURCES
FOR NATIONAL ECONOMY MODERNIZATION**

Abstract

This article studies the trend of investment resources formation for the modernization of Ukraine's economy through budgeting, which is created in the corporate sector, in banking system, in pension funds, households, in the stock market, and is invested by foreign investors. The tendencies that indicate a narrowing of investment sources that can be raised in the corporate sector and in the stock market are identified. In the part of the private (collective) investment the potential for its significant increase and subsequent targeting through the institutions of collective investment into modernization projects was shown. It was proposed to develop at the national level the effective mechanisms to stimulate the investment processes in the corporate sector, as well as to create an extensive institutional network for innovative projects selection as the facilities of public importance to be invested.

Key words:

State, society modernization, economic modernization, institutional changes, consolidation of financial resources, investment, innovation.

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Problem statement. The relevance of the study of such a phenomenon as modernization of the economy is due to the fact that modernization is a comprehensive process that involves many changes at the same time. Experts view at the modernization changes in the context of qualitative new public steps towards industrialization, urbanization, rationalization, strengthening the role of personality, a combination of science and industry, and so on. There are different interpretations of the concept of «modernization», including the following: 1) as a synonym for all progressive social and economic changes that create conditions for the advancement of the society; 2) as the embodiment of modernity, for which it is necessary to develop a set of social, economic, cultural, political and intellectual transformations. In general, modernization is understood as the transition from traditional to modern society, providing for orientation at innovation, secular social life, and gradual (non-cyclic) economic development, industrial nature of production, mass education, and high professional level of specialists (Buzhym-ska, 2008, p. 218). Given the fact, that modernization changes require significant financial resources, it is advisable to research thoroughly the potential sources of investment resources that can be directed to the projects of economic modernization.

Analysis of Researches and Publications. The problems of economic modernization are thoroughly studied by foreign and domestic scientists. Many research papers are devoted to theoretical and empirical issues arising from understanding the nature of modernization, and are considered in the context of the synthesis of structural, technological and institutional changes aimed at improving the economic competitiveness of different economies, social standards, the effectiveness of the institutions, and others. A significant contribution to the study of the modernization nature was made by M. Veber, W. Rostow, Sh. Eisenstadt, M. Kondratiev, S. Kuznets, V. Mitchell, O. Conte, H. Spenser, E. Durkheim, G. Murdal, H. Kahn, D. Bell, J. Scott, J.M. Keynes, J. Robinson, A. Aganbegyan, O. Bilokrylova, R. Grinberg, O. Dzhumov, R. Nureyev, V. Polterovych, Ye. Yasin.

In Ukraine, the theoretical foundations of modernization have been developed by such famous scientists as A. Halchynskyi, V. Heyets, A. Hrytsenko, P. Yeschenko, V. Semynozhenko, H. Chernichenko, and A. Chukhno. Institutional and innovative aspect of modernization has been developed in the researches made by Yu. Bazhala, K. Buzhym-ska, Z. Varnalii, Ya. Zhalila,

O. Lapko, L. Fedulova. Financial and credit mechanisms of investment provision for modernization of the economy and structural changes are thoroughly studied by Ya. Belinska, A. Vozhzhov, A. Danylenko, V. Zymovets, O. Tereshchenko, V. Fedosov, L. Shablysta and others.

Some Challenges Left Pending. A lot of issues regarding modernization of society have been reflected in scientific studies. Special attention is paid to the analysis of the impact produced by global factors on the national economy (Kovryzhko, 2010; Onyshchenko, 2011), employment (Bandur, 2011), the development of industries that determine the state of the country's competitiveness on a global level (Anpilohova, 2012; Dmytrenko, 2012; Kinzerskyy, 2013; Petrovych, 2012), and the creation of institutions (Vinichenko, 2012; Chernichenko). But most scientific papers have been focused on the innovative development (Grytsenko, 2011; Mochalyna, 2014; Pavlyuk et al., 2013; Chukhno, 2012). And it is quite reasonable due to the fact that the modernization is targeted at ensuring the transition from traditional to a modern society. As modernization changes require significant investments, it is necessary to activate research in the evaluation of potential sources of investments generated in the budget, the corporate sector, the banking system, households, in the stock market, by foreign investors, and others. This will enable to assess more adequate current economic prospects and determine the long-term objectives in terms of modernization of economy.

The Main Subject Matter. Modernization has a long history and dates back in the sixteenth century. As a large-scale social process modernization started in the eighteenth century, reaching its peak in the twentieth century. Modernization research also was carried out in the twentieth century. In particular, the classical theory of modernization was formulated in the 1950–1960-s. In the second half of the twentieth century there were observed «three waves» of modernization research, namely: *classic type, post-modern, and new modernization* (Chernichenko).

A special place in history is given to classical modernization, since it is a historical transition from an agrarian traditional society to a modern industrial, and it represents a revolutionary advance, which is characterized by complexity, systematicity, a very long period of development, and a globality of coverage. That transition involves the development of advanced industrial technologies, political, cultural and social mechanisms enabling to maintain the industrial growth of sectors and all areas of life. Modernization changes produce a significant impact on social institutions, population groups, social environment, and so on.

It is worth stressing that the modernization of the classical approach is considered in the context of industrial society development. Neoclassical approach as the basis of modernization determines strengthening of private property and democracy. Keynesian concept of modernization comes from the assumptions that to get out from the grip of poverty there should be a «big push»

providing for structural technical and economic changes in key sectors. The founder of modernization institutional concept G. Myrdal considered modernization in the light of increasing the basic needs of society members (Mamaluy, 2010, pp. 28–29).

Classical theory studies the development of the industrial world, while the postmodernization one – its further development. According to the postmodernization theory the development of civilization has three periods, i.e. the traditional society (pre-industrial), modern (industrial), and post-modern (post-industrial), as a result of that the transparency of government, individual freedom, maximum happiness is achieved, and the benefits provided by postmaterial values are prioritized. But one should note, that the postmodernization theory explains the goals of social development from the positions that the industrial economy is far from being a culmination highest pinnacle. The developed countries are switching from industrialization to deindustrialization, which is shown by steady decline in the share of industry and growth in service sector. In its turn, the industrial society – is also not a final culmination «point» (Chernichenko) because the urbanization is increasingly replaced by the desire of people to live outside the city, in the countryside.

Scientists H. Chernichenko and A. Yefremenko, researching the essence of the modernization theory, concluded that the modernization is the most important change of human civilization since the industrial revolution of the eighteenth century, which includes changes in activity, behavior, processes, content, structure, system, and the very idea of human civilization. Thus, modernization is a historical and comprehensive process of development, changes and close international interaction of modern civilizations that support the priorities of innovation development and international competition (Chernichenko). K. Buzhymyska views modernization as a set of economic, political, governmental, legal, psychological, cultural changes and transformations of a specific socio-economic system towards its modernization and continuous improvement; approach of socio-economic systems and their fragments to the highest possible level of development (Buzhymyska, 2008, p.219). The main characteristics of the modernization process are the following:

- *Complexity* – modernization covers all aspects of society and all segments of the population;
- *Consistency* – changes in one area cause changes in other areas, even if they at the first glance are not closely related;
- *Globality* – having started in the industrialized western countries, modernization spread throughout the world;
- *Phasing* – there are certain successive stages (emergence of reformist elites, changes initiating, definition of the reform programs, distribution and consolidation of positive results);

- *Differentiated nature* – modernization in different countries has its own individual characteristics, based on the traditions of national culture, ethics, the state of the economy and place of each country in the global division of labor.

Thus, modernization encompasses all areas of life and effects culture, economy, politics, and social sphere. At that, the value orientation of social groups is changing; the importance of knowledge, research, possession of information is intensifying. The priority in the economy becomes technological development based on the use of scientific knowledge. Social and technical division of labor is coming to the fore and the secondary (industry, trade) and the tertiary (services) sectors are being developed, markets for goods, capital and labor are expanding. In politics there is observed increasing of public political activity. Modern public institutions are being formed and developed. In the social sector the following phenomena become priorities: *individualization*, where a basic social unit is the individual, against the group; *differentiation*, resulting in some of the functions transferred from the family to social institutions; *formalization*, i.e. strengthening the importance of social institutions, the dominant role of science and expert opinion; growth of professional expertise; improvement of the quality of life (Buzhymaska, p. 225).

The need for providing moral, humanistic, and social nature of modernization is clearly indicated by famous scientist, NASU academician V. Heyets in his article «Upgrading the System» of «society-state-economy». The renowned scientist points out that: «...the transformation of society in the process of social-driven market economy has resulted in the society to have suffered significant social costs, and the market transformation, in fact, happened to be not only socially undirected or at least neutral, but often a socially aggressive market model, where appropriation, income and wealth often reach extremes....» (Heyets, 2014 p. 121). That is, the process of modernization must be purposefully and effectively managed by the state, not relying on the regulatory effect of market forces. Repeatedly the experts expressed the view that it would be appropriate to apply the effective management mechanisms for upgrading modernization at all levels and in all sectors of the economy.

These requirements especially refer to the mechanisms for modernization investment and using for its implementation of all potential sources of funding. At that, these potential sources should be accumulated in all sectors, namely in: financial and non-financial corporations, governmental management, households, non-profit organizations with a view to their further consolidation and concentration on promising areas of innovation development of the state. In this way, a significant role is played by the transformation process of savings into real investment. Consolidation and concentration of investments in key areas can provide a powerful impetus on the economic development and improvement of social standards.

According to international practice the investment dynamics serves the fundamental parameter for a reproduction process that determines the possibility of fixed capital renewal, as well as on structural reforms, creation of the basis of long-term economic development. But now in Ukraine there dominates the renewal of the 3rd technological structure (metallurgy, inorganic chemistry), and low-tech and low science intensive primary sectors are developing (mining, fuel, food, light industry). At that, a number of companies that actually implement innovations makes 12–13,5% (which is 3–4 times lower than in the developed countries). According to the experts to gain the qualitative breakthrough, it is necessary to increase the share of high-technology production up to 35–40%, the share of high technology products – to 25–30%, the proportion of enterprises that implement innovations – to 35–45% (Pavlyuk et al., 2013, p. 3). This can be achieved through the adoption of measures in terms of a fundamental change in the economic structure, creation of effective institutional framework and searching the sources of funding for innovative development of national economy. Therefore, the definition of existing and potential financial resources that can be channelled through investment mechanisms in the economic development and modernization changes are particularly important.

Due to the classification, the sources of resource modernization support of the national economy consist of internal and external (Mochalyna, 2014). The internal sources of investment modernization resources include the below:

- income;
- depreciation deductions;
- reserve and insurance funds;
- donations of capital equity founders;
- dividends, interest, capital and financial investment earnings ;
- sponsorship and donor contributions.

The external sources of investment modernization resources are the following:

- resources of domestic and foreign investors;
- investment bank loan;
- target public credit;
- investment tax credit;
- issuance of bonds;
- issuance of shares
- financial leasing;

- state and local budgets;
- subsidies, donations, grants, benefits;
- funds of state-owned enterprises;
- charitable contributions.

Thus, theoretically, there are many sources of financial resources that can be channelled in economic modernization. But the statistics does not summarize the required information to quantify the value of these resources. Therefore, in our study statistical compilations have been used, which present the data on capital investments and the Reports of National Commission in Securities and Stock Market, which show the figures on the volume of securities issue and securities trading patterns.

What real financial resources and what amounts were involved for the modernization shows the dynamics of capital investments (Table. 1). The structure of the funding sources for capital investment shows the real agents of the investment process. The challenge is to focus the resources on priority areas of modernization, and create the effective institutional environment both, for investors and for investment consumers.

As the figures in Table 1 show, out of all sources of capital investment for over the past five years 60–66% are the own funds of enterprises and organizations, about 10% (in 2013 – only 5%) – budget funds, 12–17% – bank credits, 2–4% – foreign investments, 5–9% – savings. It should be noted that less than 25% of the accumulated depreciation is channelled to capital investment, though amortization (given its economic substance) is, the first to be directed to capital investment. A small share of budgetary resources for capital investments is due to the fact that the current expenditures account for 83–93%, while capital ones – about 10%. It is rather problematic to radically change these proportions without changing the structure of the economy and public spending priorities, which are of predominantly social orientation. According to the experts, the expansion of public investment can take place by reducing the unjustified benefits, revision of existing programs for their compliance with the objectives of strategic development, reduction of the expenditures for public administration. The increase in capital expenditures should be held, on the one hand, due to better support of specific investment projects in priority areas, and the second – with an increase in capital expenditures in the areas that consume the products produced due to the implementation of these projects (Kinzersky, 2013, p. 43).

The share of bank loans in capital investment is negligible, although as the calculations we had made showed out of total resources at the disposal of banks (including capital and equity, and attracted funds of individuals and legal entities), only 2, 5 ranging to 7% is channelled to capital investment. Thus, the bank resources for capital investment are used poorly, indicating that the banking system neglects the real demand of economic agents on loans for innovative devel-

opment. Foreign investors also practically do not invest; their share in capital investments makes up to 5%.

Table 1

Capital Investment in Ukraine by Funding Sources

	2009		2010		2011		2012		2013	
	mln UAH.	%	mln UAH.	%	mln UAH.	%	mln UAH.	%	mln UAH.	%
State budget funds	8361	4,3	10952,2	5,8	18394,6	7,1	17141,2	5,8	6497,8	2,4
Local budget funds	5914	3,1	6367,7	3,4	8801,3	3,4	9149,2	3,1	7219,2	2,7
Own funds of enterprises and organizations including amortization deductions	127435	66,1	114963,6	60,8	152279,1	58,6	175423,9	59,7	170675,6	63,8
	...	...	24076,3	12,7	26175,6	17,2	25799,9	14,7	27654,2	16,2
Bank credits and other loans	25587	13,3	23336,2	12,3	42324,4	16,3	50104,9	17,1	40878,3	15,3
Foreign banks credits	...	...	2991,8	12,8	5002,8	11,8	8263,7	16,5	4497,4	11,0
Mortgage lending	...	...	161,2	0,7	149,5	0,4	257,7	0,5	577,1	1,4
Foreign investments	8209	4,2	4067,7	2,1	7196,1	2,8	5040,6	1,7	4881,2	1,8
Private funding for individual housing construction	5502	2,8	16176,0	8,6	15102,9	5,8	21975,1	7,5	21770,0	8,1
Private funding for the construction of own apartments	4796	2,5	4654,2	2,5	4470,0	1,7	3650,9	1,2	6574,8	2,5
Other sources	7074	3,7	8543,0	4,5	11363,9	4,3	11205,9	3,9	9230,9	3,4
Total	192878	100	189060,6	100	259932,3	100	293691,7	100	266728,0	100

Source: Capital investments in Ukraine. Statistical Bulletin. State Statistics Service of Ukraine; 2010 – pp. 6–8; 2011 – pp. 6–9; 2012 – pp. 7–9; 2013 – pp. 7–9; Statistical Yearbook of Ukraine, 2013 State Statistics Service of Ukraine, 2014. K. LLC «August Trade». - p. 533 – p. 184.

As a part of such an important source of investment as personal savings, it should be emphasized that currently the share of spending on goods and services (79–84%) remains high. But the share of available resources investments in the growth in financial assets is about 10%, and in the accumulation of financial assets is up to 2%. Thus, we could say that there arose public interest to be investors. These trends are confirmed by the restructuring of trade volume on the

stock market where securities of collective investment institutions in 2013 amounted to 29.6% against 5-7% in previous years (Table. 2, 5). It should be stressed that the overall investment institutions is a modern mode of financial intermediation within the collective investment, which includes investment and pension funds.

Assessing the investment resources the experts point out that a significant addition to the resources available, there real and vast is money that can be obtained as a result of the central bank credit issue, and it's targeting for the implementation of innovative programs with preferential rates use (Vozhzhov, 2012, p. 24). The scientists propose to expand the sources of capital investment by the targeted issue, aimed at innovation projects.

Researcher O.Dzhumov made projections of the companies' needs for financial resources that can be consolidated from different sources, with the profit of 20.5%; foreign investments-21%; bank loans – 15.8%; foreign direct equity investment – 15%;depreciation -11%; bonds – 7.2%; budget resources and extra-budgetary funds – 3.2%; initial public offering – 2.6%; corporations accounted banks bills – 0.9%. In addition, O. Dzhumov to consolidate financial resources for specific purposes suggests that the corporate sector resources should be maximally used through the following (Jumov, 2009):

- rationalization of the production and circulation costs, taxation ratio able to increase the amount of profit and depreciation;
- the usage of equity and investment funds, including those of the corporations under the terms of the guarantee provided to investors;
- implementation of joint investment projects on a share basis with the interested companies and private investors, and also through credit bank resources;
- foreign capital inflows due to encouragement of foreign investors and guaranting their safety and risk reduction;
- concentration of companies' investment capital, creation of regional investment corporations with the formation of a mutual funds structure;
- involvement of pension funds, insurance companies; and monetary resources, personal savings, portfolio and foreign direct investments;
- attraction of investment funds in the stock market through additional issue of shares and allocation of bonds.

We will analyze the data of the National Commission on Securities and Stock Market of Ukraine concerning the evaluation of potential resources that can be raised on the stock market for the purposes of economic modernization. For this we will consider the dynamics of registered securities issues, and the scope and structure of trading on the stock market (Tab. 2–5). As the reports of

the National Commission on Securities and Stock Market show, at the beginning of 2014 in Ukraine there were issues of securities totaling 1264.5 billion UAH, out of this amount 572 billion account for shares. Against this background there looks very impressive the amount of registered securities of collective investment institutions, i.e. 406.4 billion UAH. Analyzing the ratio of these values and the figures of 2, 3, 5 tables, we can conclude that in the corporate sector as against the collective (private) investment system, a limited amount of investment is being created that could be attracted in the stock market.

The dynamics of registered securities in each year for over the period of 2009–2013 is seen from Table 3. In particular, from 2009 the volume of shares issue rather decreased. It also indicates the potential narrowing of investment sources that can be attracted on a long-term basis in the corporate sector.

Table 2

Dynamics of Registered Securities Issues in Ukraine, bln. UAH. (cumulative)

Indicators	2009	2010	2011	2012	2013
Registered securities issues, bln.UAH. including:	740,0	835,6	1014,8	1122,5	1264,5
shares	393,1	433,7	491,9	507,7	571,9
securities of collective investment institutions	207,3	252,7	337,3	371,3	406,4

Source: Tables 2–6 indicators summarized based on the annual reports of the National Commission on Securities and Stock Market [Electronic resource]: – Accessed by: <<http://nssmc.gov.ua>>.

Table 3

The Volume of Registered Securities Issues in Ukraine for respective year

Indicators	2009	2010	2011	2012	2013
Registered securities issues per year, bln.UAH. including:	162,7	95,5	179,2	107,7	142,0
shares	101,1	40,6	58,2	15,8	64,2
bonds of enterprises	10,1	9,5	35,9	51,4	42,5
securities of collective investment institutions	51,1	45,5	84,5	34,0	35,1

The inadequate investment resources that are actually attracted in Ukraine's economy on a long-term basis can be seen from Table 4. Thus, in 2013 thanks to the long-term securities 85 bln. UAH was attracted into the economy, and by providing long-term loans – 74 billion UAH. As of 74 bln. UAH of long-term credits less that 35 bln. UAH was directed for capital investments (Table.1).

Table 4

Investments Attracted in Ukraine's Economy for 2009–2013 years, bln. UAH

Indicators	2009	2010	2011	2012	2013
Bank long-term credits	85,6	47,4	88,3	67,2	74,2
Long-term securities	56,3	68,6	100,2	73,7	85,3
Total	141,9	116,0	188,5	140,9	159,5

The limited fund raising opportunities for economic modernization in the stock market shows the dynamics and structure of the trading volume on the securities market (Table. 5).

The calculations showed that the largest share (40–48%) in 2011–2013 made government bonds, which by their goal destination are debt instruments as far as they are used to finance the budget deficit, and therefore can not be considered as a source of investment to modernize the economy. The most unfavorable fact is that the proportion of shares and bonds of enterprises tends to decrease. In particular, in 2009, in the structure of trading volume, the shares made 44%, in 2010 – 36%, in 2013 – only 10%. The volume of trading in companies' shares is also reducing. If they made 7.6% within the trading structure in 2009, then in the following years this figure receded to 4.5%. Though the volume of the companies' bonds issue (Table.3) in 2011–2013 was ranging from 35 to 50 billion UAH, this did not significantly influence their attractiveness to investors.

Thus, at present, the mechanisms of the stock market in terms of attracting corporate sector investment are poorly involved. At the same time, the market of collective investments (Collective Investment Institutions) shows greater activity and can be regarded as a source of innovation projects investment for the purpose of economic modernization. But it is necessary to create the institutional framework for the selection of innovative projects as important public facilities for the targeted investment.

Table 5

Dynamics and Structure of Trading Volume in the Securities Market in Ukraine, bln. UAH.

Indicators	2009	2010	2011	2012	2013
Total, including:	1067,3	1537,8	2171,1	2530,9	1677,0
Government bonds, bln. UAH.	99,0	354,1	855,5	1217,0	721,5
share, %	9,3	22,9	39,4	48,1	43,0
Securities of collective investment institutions, bln. UAH.	76,3	115,5	114,7	137,7	496,5
share, %	7,15	7,49	5,27	5,44	29,6
stocks, bln. UAH.	470,7	556,2	636,1	591,9	171,1
share, %	44,1	36,1	29,3	23,4	10,2
Treasury bills and notes, saving certificates, certificates of real estate funds, mortgage-backed securities, NBU deposit certificates pledged securities, bln. UAH.	339,3	441,8	435,7	426,9	167,4
share, %	31,79	28,72	20,06	16,86	9,98
Bonds of enterprises, bln. UAH.	81,1	69,5	103,7	124,9	98,8
share, %	7,6	4,5	4,8	4,9	5,9
Derivatives (derivative securities), bln. UAH.	0,1	3,7	24,0	24,9	18,0
share, %	0,01	0,24	1,1	0,98	1,07
Municipal bonds, bln. UAH	0,7	0,5	1,7	7,5	3,6
share, %	0,06	0,03	0,08	0,3	0,21

For modernization and innovation of economic development the renowned scientist A. Aganbegyan proposes to use pension funds (including private), the resources of insurance companies, mutual funds, the investment funds of the banks and companies, as well as to issue profitable government securities for foreign investors and the nationals (Aganbegyan, 2010). This supports the conclusion that Ukraine can greatly expand sources of investments on a consolidated basis for their further channelling on specific goals.

Analysis of the performance of private pension funds in Ukraine showed (Table 6), that they still own assets of nearly 2 billion UAH. One third of the assets is money used for pension supplements. The corporate bonds directed to private pension funds account for 30%, shares are ranging from 13 to 18%, government securities – 10–15% of the total value of assets. Thus, to invest economy 1–

1.5 bn UAH can be drawn from private pension funds., which in comparison, for example, with the resources of collective investment institutions (Table. 2, 3, 5) is an insignificant value.

Table 6

Some Indicators of Private Pension Funds in Ukraine

Indicators	2009	2010	2011	2012	2013
Number of private pension funds in Ukraine (PPF), units.					
open	71	71	70	65	57
corporate	11	8	8	9	9
professional	10	10	10	10	8
Total PPF assets, bln.UAH	0,85	1,13	1,38	1,66	2,13
Structure of PPF assets, %					
cash	...	38,1	32,4	35,1	38,8
bonds	...	Total secu- rities 49,2	25,3	31,3	30,9
shares	...		18,5	15,5	13,0
government securities	...		15,0	11,7	10,7
municipal bonds	...		0,5	0,2	0,5
immovable properties	...	5,7	3,5	3,0	2,7
precious metals	...	2,8	1,9	1,1	0,7
other investments	...	4,2	2,74	2,1	1,27

Given that currently the resources allocated for the purpose of upgrading are limited, to significant increase in their size there must be used a new mechanism for search and raising resources, based on the principles of consolidation (i. e, their joining for a particular purpose). As the results of our study show, the potential sources of investment resources are available, but they are scattered and therefore not used purposefully. All resources should be consolidated and directed to the most important innovation development projects. The process of consolidating financial resources should combine the financial activities of the state, the regions, business entities, and investment funds to solve industrially and socially important problems. According to the scientists, the category of «consolidated financial resources» is an element of the conscious and balanced economic policy based on combining financial resources that are owned by different entities of financial and economic activity, and enabling to integrate their efforts on priority tasks (Jumov, 2009).

The National Institute for Strategic Studies Ya. Belinsky and Ye Medvyedkina's expert offers (<http://niss.gov.ua>) as for investment increasing are also based on the principles of consolidation and concentration of resources. The experts propose to accumulate the long-term investment in the real sector and finance modernization processes through the following:

- activation of infrastructure development, and the mechanisms for capital overflow within the segments of the financial market;
- promotion of the internal market development for debt financing, especially the stock market and «long» resources, and that should be accompanied by the creation of tax and other incentives for investors to invest for long periods, as well as to invest in priority economic sectors;
- creation of the environment for individuals' investment activity through the development of collective investment system, also through spreading financial instruments for individual investors, and pension and insurance reform intensification;
- improvement of the institutional support of the investment process through the creation and development of specialized investment credit and financial institutions; creation of the development budget.

Conclusions and areas for future research. The trend analysis of investment resources formation for the modernization of Ukraine's economy has shown that the volume of investments that can be raised in the corporate sector and the stock market tend to decrease. However, the scope of private (collective) investment demonstrates a significant potential. Given that economic growth and industrial development of the country depends on the mechanisms to attract free resources, their consolidation and concentration on socially important priorities, it is appropriate to develop effective mechanisms at the national level to stimulate investment processes in the corporate sector and on the stock market. It is also necessary to consider the formation of an extensive institutional network for selection of innovative projects as important public facilities to accommodate investments in modernization projects. Scientific and expert environment should pay specific attention to the development processes of corporate investment institutions, as far as at the moment the named area of collective investment is practically uncharted, though having great investment possibilities.

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